

HealthCorps, Inc.

Financial Report

June 30, 2013

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Independent Auditor's Report

To the Board of Directors
HealthCorps, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of HealthCorps, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the 2012 financial statements have been restated to correct certain accounting misstatements. We also audited the adjustments described in Note 11 that were applied to restate the 2012 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Other Matter and Summarized Comparative Information

The financial statements of the Organization as of and for the year ended June 30, 2012, before they were restated for the matter discussed in Note 11 to the financial statements, were audited by other auditors whose report, dated March 18, 2013, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2012 was derived from those financial statements.

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

New York, New York
May 15, 2014

HealthCorps, Inc.

Statement of Financial Position

June 30, 2013

(with summarized financial information for the year ended June 30, 2012)

	2013	2012 (Restated)
ASSETS		
Cash and Cash Equivalents	\$ 1,279,395	\$ 880,225
Grants, Contracts and Contributions Receivable, net	2,828,794	2,013,633
Prepaid Expenses	45,360	74,594
Property and Equipment, net	76,303	95,583
Security Deposits and Other Assets	<u>30,421</u>	<u>26,727</u>
Total assets	<u>\$ 4,260,273</u>	<u>\$ 3,090,762</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 250,499	\$ 113,801
Grant payable	-	82,452
Deferred rent obligation	10,824	8,760
Capital lease obligation	<u>36,916</u>	<u>55,246</u>
Total liabilities	<u>298,239</u>	<u>260,259</u>
Commitments and Contingencies		
Net Assets:		
Unrestricted	2,744,005	2,025,984
Temporarily restricted	<u>1,218,029</u>	<u>804,519</u>
Total net assets	<u>3,962,034</u>	<u>2,830,503</u>
Total liabilities and net assets	<u>\$ 4,260,273</u>	<u>\$ 3,090,762</u>

See Notes to Financial Statements.

HealthCorps, Inc.

Statement of Activities

Year Ended June 30, 2013

(with summarized financial information for the year ended June 30, 2012)

	Unrestricted	Temporarily Restricted	Total 2013	2012 (Restated)
Support and Revenue:				
Grants and contracts	\$ 1,780,243	\$ 1,257,500	\$ 3,037,743	\$ 1,743,908
Contributions	2,804,412	821,291	3,625,703	3,773,931
Special events	1,048,634	75,000	1,123,634	1,207,922
Rental income and other income	1,567	-	1,567	2,712
Net assets released from restrictions used for programs	1,740,281	(1,740,281)	-	-
Total support and revenue	7,375,137	413,510	7,788,647	6,728,473
Functional Expenses:				
Program services	5,182,463	-	5,182,463	4,213,277
General and administrative	719,967	-	719,967	690,219
Fund-raising	754,686	-	754,686	944,909
Total functional expenses	6,657,116	-	6,657,116	5,848,405
Change in net assets	718,021	413,510	1,131,531	880,068
Net Assets, Beginning of Year Prior to Restatements	2,036,196	3,054,519	5,090,715	1,791,684
Restatements	(10,212)	(2,250,000)	(2,260,212)	158,751
Net assets, beginning of year - as restated	2,025,984	804,519	2,830,503	1,950,435
Net assets - end of year	\$ 2,744,005	\$ 1,218,029	\$ 3,962,034	\$ 2,830,503

See Notes to Financial Statements.

HealthCorps, Inc.

Statement of Functional Expenses

Year Ended June 30, 2013

(with summarized financial information for the year ended June 30, 2012)

	Program Services	General and Administrative	Fund-raising	2013	2012 (Restated)
Salaries and related fringe benefits	\$ 3,525,801	\$ 301,418	\$ 138,811	\$ 3,966,030	\$ 3,177,251
Curriculum and educational material	634,850	-	-	634,850	407,318
Outside service contracts	302,221	114,461	147,163	563,845	487,925
Travel and meetings	273,208	79,318	36,226	388,752	312,444
Payroll administrative fee	165,056	14,122	6,449	185,627	141,113
Professional fees	-	99,277	-	99,277	79,958
Marketing and promotion	-	27,536	27,535	55,071	11,377
Rent, parking and utilities	105,282	30,551	13,928	149,761	137,842
Office expense	90,831	26,358	12,016	129,205	85,946
Telecommunications	40,836	11,855	5,415	58,106	36,037
Technical support	49,467	4,232	1,933	55,632	102,840
Bad debt	-	(4,445)	-	(4,445)	65,000
Insurance	14,160	1,211	554	15,925	10,053
Postage	16,907	4,908	2,242	24,057	51,309
Depreciation and amortization	46,296	3,958	1,822	52,076	23,782
Interest expense	-	5,207	-	5,207	1,601
Donations	-	-	-	-	3,500
Grant expense	(82,452)	-	-	(82,452)	-
Subtotal	5,182,463	719,967	394,094	6,296,524	5,135,296
Direct cost of special events	-	-	360,592	360,592	713,109
Total expenses	\$ 5,182,463	\$ 719,967	\$ 754,686	\$ 6,657,116	\$ 5,848,405

See Notes to Financial Statements.

HealthCorps, Inc.

Statement of Cash Flows

Year Ended June 30, 2013

(with summarized financial information for the year ended June 30, 2012)

	2013	2012 (Restated)
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,131,531	\$ 880,068
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	52,076	23,782
Write-off of grant payable	(82,452)	-
Bad debt (recovery) expense	(4,445)	65,000
Increase in deferred rent obligation	2,064	8,760
Change in operating assets and liabilities:		
Increase in grants, contracts and contributions receivable	(810,716)	(320,714)
Decrease in prepaid expenses	29,234	1,736
Increase in security deposits and other assets	(3,694)	(990)
Increase (decrease) in accounts payable and accrued expenses	<u>136,698</u>	<u>(27,971)</u>
Net cash provided by operating activities	<u>450,296</u>	<u>629,671</u>
Cash Flows From Investing Activities:		
Purchase of equipment	<u>(32,796)</u>	<u>(33,705)</u>
Net cash used in investing activities	<u>(32,796)</u>	<u>(33,705)</u>
Cash Flows From Financing Activities:		
Principal payments on line of credit	(469,000)	-
Proceeds from line of credit	469,000	-
Principal payments on capital lease obligations	<u>(18,330)</u>	<u>(7,905)</u>
Net cash used in financing activities	<u>(18,330)</u>	<u>(7,905)</u>
Net change in cash and cash equivalents	399,170	588,061
Cash and Cash Equivalents:		
Beginning	<u>880,225</u>	<u>292,164</u>
Ending	<u><u>\$ 1,279,395</u></u>	<u><u>\$ 880,225</u></u>
Supplemental Disclosure of Cash Flow Information:		
Interest paid	<u><u>\$ 5,207</u></u>	<u><u>\$ 1,601</u></u>
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Equipment purchased under capital lease obligations	<u><u>\$ -</u></u>	<u><u>\$ 63,151</u></u>

See Notes to Financial Statements.

Notes to Financial Statements

Note 1. Organization

HealthCorps, Inc. (the "Organization") is a corporation exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization was co-founded by Dr. Mehmet Oz and his wife, Lisa Oz. Dr. Oz is a world-renowned cardiac surgeon and two-time Daytime Emmy Award-winning host of the three-time Daytime Emmy Award-winning "The Dr. Oz Show". The Organization was organized to combat the childhood obesity crisis. The Organization is building a nationwide movement to shape a new generation. The Organization's "Coordinators" carry out unique in-school and community programming targeting high-need populations. Using peer-mentoring to deliver a progressive curriculum in nutrition, fitness and mental strength, the Coordinators give teens purpose, help develop human character and inspire an interest in health and culinary arts careers. The Organization also serves as a unique research laboratory – exploring the complex, underlying causes of the obesity crisis and discovering and communicating solutions.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Asset Classifications: Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time. When donor-imposed restrictions are satisfied (that is, when a stipulated time restriction expires or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that must be permanently maintained by the Organization. Generally, the donors permit the Organization to use or expend all or part of the income earned on those assets to support current operations and, accordingly, income would be recorded as temporarily restricted until the purpose is satisfied. The Organization did not have any permanently restricted net assets as of June 30, 2013 and 2012.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, and revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents on the statement of financial position include highly liquid investments with initial maturities of three months or less.

Support and Revenue: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Unconditional promises to give are recognized as revenue or gains in the period acknowledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are carried at net present value less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Management determines the allowance for doubtful accounts by using the historical experience applied to an aging of promises. Promises are written off when deemed uncollectible.

The Organization receives grants from governmental agencies and other sources for various purposes. Grant awards earned but not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by the approved grants. The Organization defers grant revenues received under approved awards to the extent they exceed expenses incurred for the purposes specified under the grant purposes. These funds are reported as refundable advances. There were no refundable advances as of June 30, 2013 and 2012.

Grants, Contracts and Contributions Receivable: Grants, contracts and contributions receivable are comprised primarily of amounts due to the Organization from grantor agencies. Receivable balances are reported at their outstanding balances discounted to their net present value based on a borrowing rate that the Organization could secure when the support and revenue is initially received.

Property and Equipment: Property and equipment are recorded at cost or, if donated, at fair value on the date of donation. Property and equipment are depreciated on the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

Expenses: Expenses are reported as decreases in unrestricted net assets. The cost of providing the various program and supporting services of the Organization have been summarized on a functional basis in the accompanying financial statements. Certain costs and expenses have been allocated between program services and supporting services on a reasonable basis as determined by management.

Advertising Costs: Advertising costs are charged to operations when incurred. For the years ended June 30, 2013 and 2012, advertising costs were \$55,071 and \$11,377, respectively.

Income Taxes: The Organization qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal income taxes under Internal Revenue Code Section 501(a). The Organization is also exempt from New York State and New York City income taxes. The Organization is not classified as a private foundation. As a not-for-profit organization, the Organization is subject to unrelated business income tax ("UBIT"), if applicable. For the tax years ended June 30, 2013 and 2012, the Organization did not owe any UBIT.

Management has evaluated the Organization's tax positions and has concluded that the Organization had taken no uncertain income tax positions that require adjustments to the financial statements. Generally, the Organization is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2010, which is the standard statute of limitations look-back period.

Comparative Information: The financial statements include certain prior-year summarized comparative information in total but not by net asset or by functional expense classifications. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Reclassifications: Certain 2012 amounts have been reclassified to conform to the 2013 financial statement presentation. The reclassifications have no effect on the reported 2012 total assets, liabilities, net assets and change in net assets.

Recently Issued Accounting Pronouncement: In October 2012, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2012-04, *Technical Corrections and Improvements*. The amendments in this update cover a wide range of topics including technical corrections and improvements to the Accounting Standards Codification ("ASC") and conforming amendments related to fair value measurements. The amendments in this update will generally be effective for fiscal periods beginning after December 15, 2013 for nonpublic entities, except for amendments in this update where there was no transition guidance and which were immediately effective upon issuance. The impact of adopting ASU 2012-04 on the Organization's financial statements for subsequent periods has not yet been determined.

Note 3. Grants, Contracts and Contributions Receivable

Grants, contracts and contributions receivable at June 30, 2013 and 2012 are due to be collected as follows:

	<u>2013</u>	<u>2012</u>
Less than one year	\$ 2,785,311	\$ 2,064,744
One to five years	<u>97,222</u>	<u>13,889</u>
	2,882,533	2,078,633
Allowance for doubtful accounts	(50,000)	(65,000)
Discount to present value at 4%	<u>(3,739)</u>	<u>-</u>
	<u><u>\$ 2,828,794</u></u>	<u><u>\$ 2,013,633</u></u>

At June 30, 2013 and 2012, grants, contracts and contributions receivable totaling \$1,283,846 and \$1,227,359, respectively, were due from one governmental agency.

HealthCorps, Inc.

Notes to Financial Statements

Note 4. Property and Equipment

As of June 30, 2013 and 2012, property and equipment are comprised of the following:

	<u>2013</u>	<u>2012</u>	<u>Estimated Useful Life</u>
Furniture and fixtures	\$ 35,070	\$ 27,697	5 to 7 Years
Equipment	94,363	101,736	5 to 7 Years
Computer software	68,509	35,713	3 Years
	<u>197,942</u>	<u>165,146</u>	
Less accumulated depreciation and amortization	<u>(121,639)</u>	<u>(69,563)</u>	
Total property and equipment	<u>\$ 76,303</u>	<u>\$ 95,583</u>	

For the year ended June 30, 2013 and 2012, depreciation and amortization expense amounted to \$52,076 and \$23,782, respectively.

Note 5. Line of Credit

The Organization entered into an agreement with a financial institution for a business line of credit that allows borrowings up to \$500,000. The interest rate is equal to the LIBOR plus 4.281%. The line of credit is secured by all assets of the Organization. The line of credit expired on May 23, 2013. The Organization renewed the line of credit with a maximum borrowing of \$1,000,000. Interest is payable at a variable interest rate equal to the LIBOR plus 3.045%, which was 3.24% as of June 30, 2013. The line of credit was scheduled to expire on February 1, 2014 but was extended to expire on August 30, 2014. As of June 30, 2013 and 2012, there were no borrowings against the line of credit.

Note 6. Research Grants

Requests for grants are made by the Organization to various entities, mostly other not-for-profits, such as universities and other research facilities. The Board and the Executive Director carefully review all grant requests and make the grants that best further the goals of the Organization. All grants require final reports and an accounting as all unused funds are to be returned to the Organization. Grants may be for a term of up to four years. The Organization recognizes grant expense and any related payable balance in the year the grant is approved.

During fiscal year 2013, the Organization rescinded the remaining grant payable amount of \$82,452 for noncompliance with the terms of the grant agreement with a grantee, which was originally approved in fiscal year 2007.

Note 7. Professional Employer Organization

The Organization has an agreement with a professional employer organization to provide off-site human resources services. All employees of the Organization are employed by the professional employer organization. The professional employer organization administers payroll, employee benefits and other related expenses and assists in personnel and related compliance requirements. For the years ended June 30, 2013 and 2012, the fees for services under this agreement were \$185,627 and \$141,113, respectively.

HealthCorps, Inc.

Notes to Financial Statements

Note 8. Commitments and Contingencies

Operating Lease Commitments: The Organization entered into two operating lease agreements for its offices in New York and California, which expire on June 30, 2014 and April 30, 2015, respectively. In addition to the base rate, the Organization is required to pay additional rent escalation based on real estate tax and other costs. For the years ended June 30, 2013 and 2012, rent expense amounted to \$139,744 and \$116,298, respectively.

As of June 30, 2013, future minimum lease payments under these leases are as follows:

Years ending June 30,

2014	\$ 95,651
2015	24,940
	<u>\$ 120,591</u>

Deferred rent consists of the excess of the rental expenses on a straight-line basis over the payments required by the lease. As of June 30, 2013 and 2012, there was \$10,824 and \$8,760, respectively, of deferred rent obligation included on the statement of financial position.

In March 2014, the Organization entered into a new 88-month operating lease agreement for office space in New York. In addition to the base rate, the Organization is required to pay additional rent escalation based on real estate tax and other costs. The commencement date of the new lease agreement is approximately May 15, 2014 in accordance with the terms of the lease agreement.

The expected future minimum lease payments under the new lease agreement are as follows:

Years ending June 30,

2014	\$ -
2015	142,200
2016	127,421
2017	155,873
2018	161,442
Thereafter	584,573
	<u>\$ 1,171,509</u>

Capital Lease Commitment: In February 2012, the Organization entered into a thirty-six month non-cancellable capital lease agreement for computer and office equipment. The assets and liabilities under the capital lease are recorded at the lower of present value of the minimum lease payments or the fair value of the assets.

The assets are amortized over the lower of the related lease term or their estimated productive lives. Amortization of assets under capital lease is included in depreciation and amortization expense at June 30, 2013.

HealthCorps, Inc.**Notes to Financial Statements**

Note 8. Commitments and Contingencies (Continued)

The following is a summary of equipment held under the capital lease at June 30, 2013:

Equipment	\$ 63,151
Less accumulated amortization	<u>(27,365)</u>
	<u>\$ 35,786</u>

Present value of minimum capital lease payments as of June 30, 2013 is as follows:

Years ending June 30,

2014	\$ 23,712
2015	<u>15,808</u>
	39,520
Less interest portion	<u>(2,604)</u>
	<u>\$ 36,916</u>

The interest rate on the capitalized lease is 4.2% and is imputed based on the lower of the Organization's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return. Interest expense on the capital lease amounted to \$3,405 and \$1,601 for the year ended June 30, 2013 and 2012, respectively.

The Organization is subject to various audits from various funding organizations that support its programs. The grants are subject to adjustments for disallowed costs, if any, based upon the results of the audits.

The Organization operates programs funded by state grants that are renewed annually depending on the availability of funds and the Organization's compliance with requirements of the contracts and grants. Therefore, annual funding under these grants is not guaranteed.

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30:

	<u>2013</u>	<u>2012</u>
Various school and educational programs	\$ 941,639	\$ 623,963
Time restriction	<u>276,390</u>	<u>180,556</u>
	<u>\$ 1,218,029</u>	<u>\$ 804,519</u>

HealthCorps, Inc.

Notes to Financial Statements

Note 9. Temporarily Restricted Net Assets (Continued)

The release of temporarily restricted net assets consists of the following for the year ended June 30, 2013:

Various school and educational programs	\$ 1,573,614
Time restriction	<u>166,667</u>
	<u>\$ 1,740,281</u>

Note 10. Concentrations

Concentration of Credit Risk: The Organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 at each financial institution. At times, such cash balances may exceed the FDIC limit. As of June 30, 2013 and 2012, the Organization maintained cash balances of \$1,039,887 and \$650,266, respectively, in excess of the FDIC limit at one of the financial institutions. The Organization has not experienced any losses in such accounts in the past.

Note 11. Restatements

The beginning net assets as of July 1, 2011 have been restated to include \$158,751 of an unconditional contribution received in fiscal year 2011 that was not previously recognized as temporarily restricted revenue.

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect on Net Assets</u>
Net Assets at July 1, 2011:			
Temporarily restricted	\$ 351,956	\$ 510,707	\$ 158,751
Unrestricted	<u>1,439,728</u>	<u>1,439,728</u>	<u>-</u>
	<u>\$ 1,791,684</u>	<u>\$ 1,950,435</u>	<u>\$ 158,751</u>

The net assets as of July 1, 2012 have been restated to correct a previously recorded contribution revenue and receivable of \$2,250,000 that was not unconditional as had been recorded. The Organization properly recognized \$1,000,000 of revenue related to this conditional contribution in fiscal year 2013. The remaining \$1,250,000 is expected to be recognized in the future.

As of June 30, 2012, the Organization incorrectly recognized \$84,830 in grants, contracts and contributions receivable and deferred income on a cost-reimbursement grant. There were no reimbursable expenditures incurred or amounts received from this grant during 2012. This misstatement did not have an effect on the net asset balances.

The Organization did not properly recognize the deferred rent obligation for one of its rental properties, resulting in a misstatement of \$8,760 in the reported liability as of June 30, 2012. Also during 2012, the Organization recorded direct cost of special events of \$713,109 as program services expenses. Such expenses should have been appropriately reported as fund-raising services in accordance with accounting principles generally accepted in the United States of America. These errors and some other miscellaneous errors in other revenue and expense accounts resulted in a misstatement of \$10,212 in unrestricted net assets as of July 1, 2012.

HealthCorps, Inc.**Notes to Financial Statements**

Note 11. Restatements (Continued)

These corrections resulted in the following restatements of the financial statements as of and for the year ended June 30, 2012:

	As Previously Stated	As Restated	Net Effect
Total Assets	<u>\$ 5,426,832</u>	<u>\$ 3,090,762</u>	<u>\$ (2,336,070)</u>
Total Liabilities	<u>\$ 336,117</u>	<u>\$ 260,259</u>	<u>\$ (75,858)</u>
Net Assets:			
Temporarily restricted	3,054,519	804,519	(2,250,000)
Unrestricted	<u>2,036,196</u>	<u>2,025,984</u>	<u>(10,212)</u>
Total net assets	<u>5,090,715</u>	<u>2,830,503</u>	<u>(2,260,212)</u>
Total liabilities and net assets	<u>\$ 5,426,832</u>	<u>\$ 3,090,762</u>	<u>\$ (2,336,070)</u>
	As Previously Stated	As Restated	Net Effect
Total Support and Revenue	<u>\$ 9,136,583</u>	<u>\$ 6,728,473</u>	<u>\$ (2,408,110)</u>
Functional Expenses:			
Program services	4,926,386	4,213,277	(713,109)
General and administrative	679,366	690,219	10,853
Fund-raising	<u>231,800</u>	<u>944,909</u>	<u>713,109</u>
Total functional expenses	<u>5,837,552</u>	<u>5,848,405</u>	<u>10,853</u>
Change in net assets	<u>\$ 3,299,031</u>	<u>\$ 880,068</u>	<u>\$ (2,418,963)</u>

The cumulative effect of these corrections on the net assets of \$(2,260,212) at July 1, 2012 is comprised of the 2012 and 2011 corrections to the changes in net assets of \$(2,418,963) and \$158,751, respectively.

Note 12. Subsequent Events

The Organization evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through May 15, 2014, the date the financial statements were available for issuance.